

**Loma Linda FY 2006/2007 Budget
Budget Committee Recommendations**

The Budget Committee would like to thank the City Council, city manager Dennis Hallaway, department heads, and staff of the City of Loma Linda for their excellent work in providing the citizens of Loma Linda a thriving environment.

The Budget Committee has broken this report into two sections. The first part includes specific recommendations to the City Council. The second part is intended as an overview to lend a better understanding of the budget to citizens.

Part 1. Recommendations to the City Council.

A. Overview of City Expenses.

Year	2004-05(actual)	2005-06(estimated)	2006-07(projected)
General Fund	\$11,784,930	\$12,843,000	\$13,848,900
Enterprise Zones	\$ 6,921,746	\$13,935,400	\$11,023,700
Other	\$ 4,053,393	\$ 8,914,250	\$19,562,000
Redevelopment	\$ 7,519,637	\$15,798,800	\$25,283,500
Total	\$30,279,709	\$51,491,450	\$69,718,100

Numbers as provided 05-10-06

The take home message from the above table is the City of Loma Linda is growing as indicated by increased spending over consecutive years.

B. State of the City.

The City of Loma Linda is thriving and congratulations should be given to the citizens of the city, businesses that operate within the city, and our institutions. Special congratulations should be given to City Government (Council, Manager, staff, employees) for doing a superb job.

1. Competitive advantage. One characteristic of importance for the City of Loma Linda to thrive is its competitive advantage for citizens, businesses, and institutions.

The Connected Communities project is one example of a competitive advantage. The City of Loma Linda is one of the first in the nation implementing a broadband communication infrastructure. The Connected Communities project is to provide high end communication capabilities (voice, data, pictures, etc) to private citizens, businesses, and institutions.

A second example is the project using alternative energy sources such as solar power for City Hall. This project has a number of benefits which include expanding the city's energy base and provides an example that Loma Linda is a progressive city willing to explore new areas to better itself.

C. Specific Recommendations.

Although the City of Loma Linda is thriving, a complex system such as a city needs to be constantly monitored and adjustments made to ensure its continued success. The following are a list of specific recommendations for City Government to consider.

1. Fiscal Environment. Although the City is prospering, the future is always uncertain. It is recommended that a thrifty attitude be maintained but not at the expense of losing opportunities as they become available to the City.

2. General Fund Reserve. As in business a healthy city requires a money reserve to conduct daily business. The budget committee consensus for a healthy city is to have a general fund reserve of 25% (i.e.; 3 months operating expenses).

The current general fund proposed budget is \$13,848,900 which would require a reserve of \$3,462,225. The current reserve is \$2,000,000, therefore the budget committee recommends transferring \$250,000 into the General Fund Reserve for the current fiscal year ending June 30, 2006 and that an additional \$250,000 is included in the 2006-07 budget.

3. Infrastructure and Capital Equipment Planning. It is strongly recommended that a lifetime replacement schedule be prepared for all capital equipment and infrastructure. This will allow the City to plan for future large ticket items. Current funds from redevelopment are being used to meet these needs but this source of revenue is not renewable and will run out at some time. Because it is extremely difficult to set aside funds to meet these needs it is strongly recommended that efforts are taken at present to build a Capital Equipment Replacement Fund to become active when redevelopment monies are no longer available. In a similar manner an Infrastructure Repair and Maintenance Fund is suggested to integrate with Infrastructure Improvement Plans.

4. Revenue Generation. The traffic cameras are projected to add revenue to the General Fund. However, further revenues will be needed and as the city grows and matures businesses that provide General Fund revenues should be a focus.

5. Redevelopment Agency. The redevelopment areas are cash providers at this time from the tax increment (extracted through release of bonds). However, in the future the redevelopment areas will become cash liabilities from the expense of infrastructure, police, fire, park maintenance, landscape maintenance, and other expenses tied to residential zones. Projections of those liabilities and suggested means to meet those liabilities should be studied.

6. Bond Expenditures. Money generated from bonds is paid back by revenues generated through tax increment from increased property value in the redevelopment agencies. There is a value limit and a time limit for bond money and as such a Bond Expenditure Plan for its use should be outlined to gain the maximum benefit.

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7. Quality of Life Issues. Quality of life continues to improve in the City of Loma Linda and for further advances the following specific issues for the next year are provided:

a. Parks Master Plan. Parks are important as they provide a sense of escape from the stress of competitive living. A clear plan for ensuring the best placement and content of parks is needed and should take advantage of the Citizen's Park Committee for input. On a specific item we support purchase of a new mower for Public Works to maintain existing parks and new parks more efficiently.

b. Public Works. The personality of the City of Loma Linda is in part created by items such as landscaping. This includes design of center medians (Barton Road, Redlands Blvd) and art (e.g., statues) that provide a visual impact of what the city is about.

c. Senior Center. The senior center is a welcome asset to the city but still requires additional work such as the kitchen.

d. Recreation Department. To provide activities for the citizens of Loma Linda it is envisioned that a recreation department will be needed in the future. Creating a recreation department will take time and require revenue. A suggestion is to create a Recreation Department Fund to ease the hardship of funding such an endeavor at startup. A suggestion of setting aside \$20,000 a year is given.

e. Club activities. An open invitation to various clubs should be considered to provide alternative activities especially for young people. Examples would include Boy Scouts and Girl Scouts. These organizations are self-organized and self-funding and would be an asset to the City.

f. Open Space. Development of the south hills should be a priority to ensure the citizens of Loma Linda have a valuable resource to enjoy. Furthermore, a connection with open spaces within the city (e.g., parks) should also be considered such that the citizens can move about the city without requiring motorized transportation.

8. Future needs. While the primary focus of the budget is year to year, we would like to add our support for considerations of future needs. Examples include increased need for police and firefighting capabilities as new housing goes in and integration of quality of life items as the city of Loma Linda continues to grow and mature.

9. City Budget Model. The Citizen's Budget Committee is asking permission to construct a budget model for the City. The purpose is to provide a tool to help in advising the City on budget issues. The model could evolve over time. An example would be a model calculating expense per residential structure for infrastructure, police, fire, etc and then projecting the expense for residential zones when the city is built out. From the projected expense the budget committee could provide advice for "means of balance" with revenue generation.

Part 2. Brief overview for Citizens of Loma Linda

This section is included to help provide the citizens of Loma Linda with a better understanding of what goes into the city budget and what it is used for. This is not comprehensive but intended as helpful input. The information is divided into two sections covering basic needs and quality of life.

A. Basic needs of Citizens.

The basic needs for the citizens of Loma Linda is meet by its local government, roads to drive on, affordable water, waste removal (sewers, trash), protection provided by police and firemen, and a means to pay for the mentioned services.

1. City Government. A governing body is needed to provide vision for a city and this usually takes the form of a City Council. The vision of the City Council is then converted into reality by the City Manager, City Staff, and employees.

2. Infrastructure. For citizens of a city to live, work, and enjoy life an infrastructure is required of which roads, water, and sewer are major items. The city continues with improvements in all three areas and these endeavors are carried out by the Department of Public Works.

3. Protection. Safety of the citizens of a city is always an issue and the two major sources are police and firemen. As the City of Loma Linda expands (e.g., new housing) there will be a demand for addition protection resources.

4. Money Management. In order to pay for the services mentioned there is a requirement for sources of revenue. Revenues are collected from a wide range of sources such as taxes from business. Of particular concern is utilizing non-renewable revenue sources such as the bonds issued to capture increased value in the tax increment in the Redevelopment Agencies.

B. Quality of Life.

Of great importance but of equal difficulty in evaluating are items that impact quality of life in the City of Loma Linda.

1. Recreation. One quality of life issue is the ability for recreation such as hiking trails, bike trails, and parks. Towards this end park improvements are planned including a tennis court at Hulda Crooks Park.

2. Traffic. Another issue that continues to grow in Loma Linda is traffic. As the city prospers the number of cars driving the streets will increase and this usually happens at a faster rate than roads can be built to accommodate the traffic. This results in traffic congestion. A traffic committee is organized to view possible solutions to this problem.

3. Social Groups. Another area that contributes to quality of life is specialty groups such as the Senior Citizens Center. These various social groups within Loma Linda need to be identified, taken into account, and an atmosphere of support provided for their prosperity.

4. Business types. A fourth area that impacts quality of life is the type of businesses in the City of Loma Linda. This would include restaurants, coffee houses, and other businesses that contribute to a more enjoyable life style.